GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:1824
ANSWERED ON:29.11.2002
PERMISSION TO STATES FOR IMPOSING SERVICE TAX
C. SREENIVAASAN;PUTTASWAMY GOWDA;YEMPARALA VENKATESWARA RAO

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) Whether the number of States including the State Governmentof Tamil Nadu have been requesting the Central Government to empower the States to collect service tax in their respective States;

(b) if so, the details of such proposals which have been received by the Union Government, State-wise;

(c) whether the FICCI has also requested the Union Government for the same; and

(d) if so, the steps taken by the Union Government to empower the States to collect tax on services and thus generate additional revenues for taking up social services?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE & COMPANY AFFAIRS (GINGEE N. RAMACHANDRAN)

(a), (b) & (c): The States have taken an unanimous decision to replace their existing sales tax systems with a Value Added Tax system from 1st April 2003. In this context, and also to widen their tax base, all the States have requested that they should be allowed to levy tax on services. The request of the States has also been supported by various trade and industry organizations, including FICCI.

(d): Appropriate action has been initiated in this regard.